

~~TOP SECRET~~

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300160005-8

CIA No. 50969
Copy No. 16

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
16 July 1954

25X1

State Dept. review completed

TO: Deputy Director (Intelligence)
SUBJECT: ^{Fifth}~~Fourth~~ week of Trieste discussions with Italy

After four weeks of negotiations in London, agreement was reached on 9 July between Italian ambassador Brosio and the United States and British delegates on a draft Memorandum of Understanding based on the Yugoslav proposals given Brosio on 1 June. If this Italian counterproposal can be reconciled with the Yugoslav proposal, a solution to the Trieste problem will be in hand. The initial over-all reaction of Yugoslav ambassador Velebit in London on 12 July was that the changes proposed by Italy meant that agreement was probably impossible. However, the Belgrade government has made no official reply, and the Department of State points out that Brosio's initial reaction to the Yugoslav proposal was quite similar.

The Italian proposal was as follows:

(1) a four-power memorandum of understanding, consisting of a preamble and seven articles, which would cover:

Territorial clauses and demarcation

Free port

Freedom of movement of persons and traffic across the new frontier

Minority statutes

Nonprosecution for past political activity

Autonomy for the areas involved

Economic and fishing rights.

25X1

Document No. 5	No Change In Class. <input type="checkbox"/>	Declassified <input type="checkbox"/>	Class. Changed To: TS <input checked="" type="checkbox"/> C	By: <input type="checkbox"/>
Auth.: HR 70-2				
Date: 21 JUN 1978				

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300160005-8

~~TOP SECRET~~

(2) an exchange of confidential letters with the Yugoslavs, which would cover:

Slovene credit institution in Trieste

Cultural houses for minority groups

Consular representation

Details of the free port regulations

Details of the reparations and fishing rights agreements.

Velebit's initial opposition was primarily concerned with the provisions concerning territory, autonomy, consulates, and freedom of movement across the frontier, although he claimed that all the changes added up to an alteration of the character of the original Yugoslav proposals.

The differing positions on the above four points are as follows:

1. Territory: Brosio has continually reiterated the importance of the territorial concessions insisted on by his government, particularly that of obtaining the town of San Servola. (See map.) The Yugoslavs have repeatedly pointed out that they have made maximum territorial concessions, and in the first phase of negotiations they refused to give up the town of San Servola.

2. Autonomy: The Italians insist on autonomy for the portion of the Free Territory going to Yugoslavia if they are to give autonomy to the part they receive. Velebit stuck by his government's previous adamant refusal to grant autonomy to the area it would receive, and eventually indicated that he would recommend that the whole point of autonomy be dropped.

3. Consulates: Italy, although willing to allow a Yugoslav consulate in Trieste, insisted on an Italian consulate in Capodistria. Velebit rejected this on the grounds that there would be few Italian citizens in Capodistria. Subsequently, and only for the sake of reciprocity, he offered that another Italian consulate might be set up somewhere outside of the Free Territory, such as Ljubljana. On a similar Italian demand for reciprocity regarding the establishment of credit institutions, Velebit flatly objected.

~~TOP SECRET~~

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300160005-8

4. Movement of traffic and persons: Provisions for freedom of movement of traffic and persons across the new frontier (a point not covered at all in the Yugoslav proposal) are set forth at length in the Italian proposal. Although Velebit listed this among the major points of disagreement, it appears that it would be acceptable if expanded to cover the frontier between Yugoslavia and the area going to Italy.

While Velebit found grounds to differ with the other Italian proposals, none of these lesser points appears to be of a nature to call forth extreme reaction from Belgrade. Regarding the important issue of financial claims, Italy has agreed to pay Yugoslavia \$25,000,000 as a lump sum settlement. (The US will give Italy \$9,070,000 to help cover this.) Since Velebit has estimated that \$30,000,000 might be sufficient, it appears that the financial problem, while needing negotiation, will probably not be a major stumbling point, although Belgrade may object to granting any fishing rights to Italy.

Thompson warns that "we must be prepared for an explosion from Belgrade," and points out that since the essential item from the Italian point of view is a reasonable modification of the frontier, concentration should be on obtaining Yugoslav agreement to an acceptable frontier, especially as some form of compromise is possible on the other points. Thompson believes, however, that a direct appeal to President Tito will be necessary to close the gap.

Ambassador Riddleberger in Belgrade, commenting on the development of the London talks, does not agree with this general approach. He believes that there is no plan to deal with the dilemma of the two conflicting territorial proposals. He feels that there has been insufficient effort to get the Italians to accept the Yugoslav territorial proposals which he points out were in fact those of the West and advises that it is unlikely that the Yugoslavs will modify their position on territory.



Meanwhile, in Trieste, the Communist Party has apparently raised its level of activity against partition, having recently called some small but successful strikes in the Free Territory, and having staged a protest demonstration during the visit of Army Secretary Stevens. The Party is now attempting to arrange

~~TOP SECRET~~

~~TOP SECRET~~

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300160005-8

25X1

a 24-hour general strike in Trieste City, 


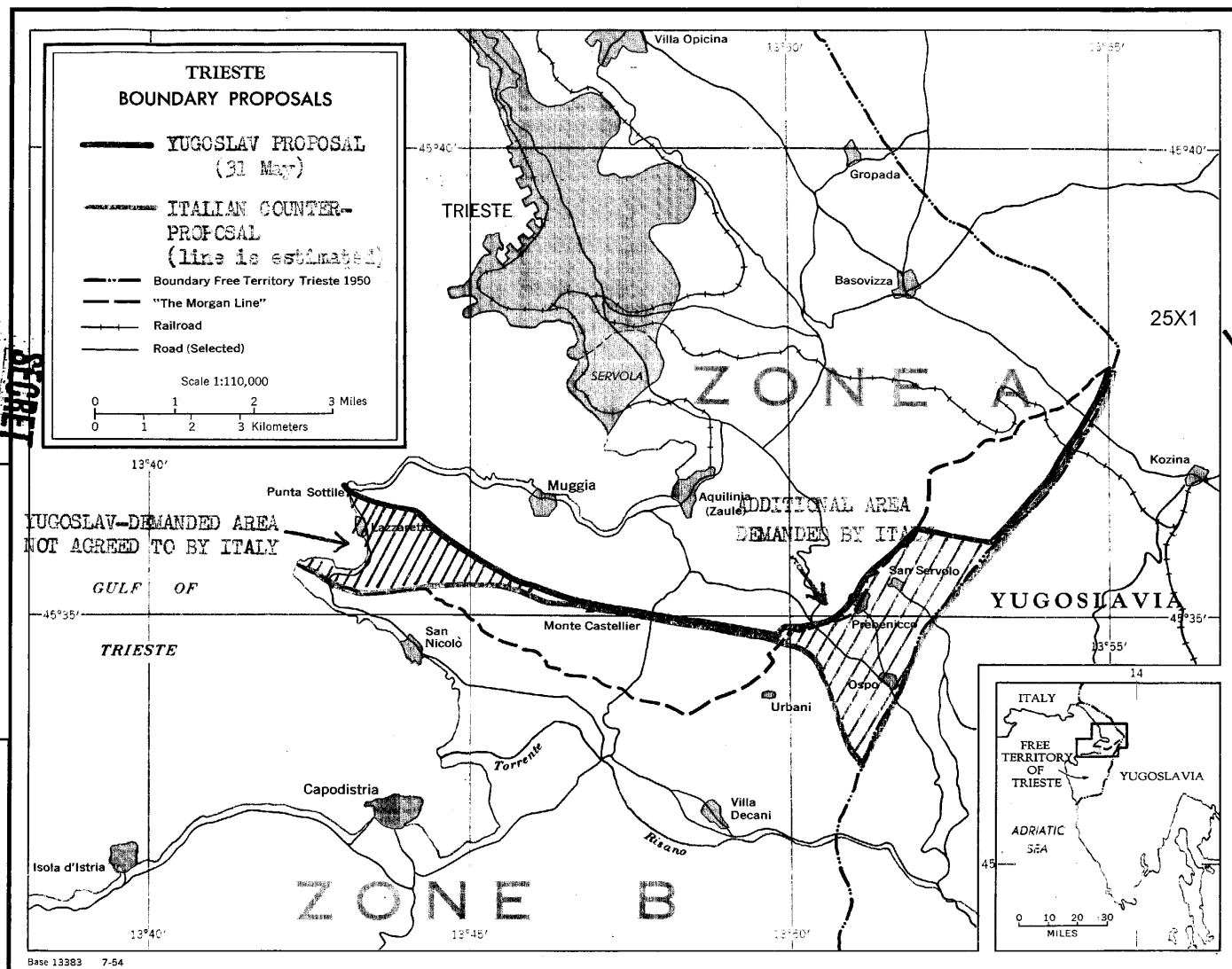
25X1

HUNTINGTON D. SHELDON
Assistant Director
Current Intelligence

25X1



~~TOP SECRET~~



DOCUMENT DESCRIPTION		REGISTRY
SOURCE ONE		CIA CONTROL NO. 50769
DOC. NO.		DATE DOCUMENT RECEIVED 16 July 54
DOC. DATE 16 July 54		LOGGED BY
COPY NO. 16 of 31		
NUMBER OF PAGES 4		
NUMBER OF ATTACHMENTS 1		

[illegible]

FORM NO. 38-13
JAN 1952